



*Testimony before the Assembly Housing & Community Development Committee
Regarding NJ's Foreclosure Crisis
June 5, 2014*

Good afternoon. Thank you Chairman Green, Vice Chairwoman Jasey and members of the committee for the opportunity to speak with you today about New Jersey's unrelenting foreclosure crisis. I'm Staci Berger, president and CEO of the Housing and Community Development Network of New Jersey, the statewide association of community organizations and partners working to expand affordable homes and economic opportunities for all of our state's residents. Our members work in communities from Sussex to Atlantic County, and everywhere in between, and they can tell you first-hand about the devastating impact that foreclosures continue to have on families and neighborhoods around our state. You will hear from them in a few moments.

First though, I just want to give you some background information about how our state compares to other places. As I'm sure you've heard, New Jersey leads the nation in foreclosures, leaving Florida in our rearview mirror. The Sunshine State saw its foreclosure rate drop from 10.1 percent to 6 percent in 2012. RealtyTrac found that new foreclosures increased nationwide in January of this year, before dropping again in February across the country. However, in New Jersey they kept rising, going up another 126 percent, while actual bank repossessions were up 90 percent from a year ago. The only program available to New Jersey homeowners, run by HMFA was the Homekeeper program. This program, which was primarily funded through federal dollars, has run out of money. New Jersey currently has no program to help families prevent foreclosures, despite the rising need. Not a single dollar is available to hard working New Jerseyans or seniors facing foreclosure.

We have shared the annual foreclosure update of the Ralph W. Voorhees Center for Civic Engagement at the Bloustein School of Planning and Public Policy at Rutgers. According to the report by Kathe Newman, Associate Professor and Director of the Center, NJ has improved from our worst days of 2009, but the number of foreclosure filings is on the rise, which is in stark contrast to the rest of the nation. The report's finding by geography and demographics are disturbing:

- The foreclosure rate in the Vineland-Millville-Bridgeton area is the worst in the nation; the Atlantic City-Hammonton area is the second worst in the nation.
- New Jersey has three other metro areas that rank among the most impacted 100 metros in the country.
- Data from the 4th quarter of 2013 looked at the percent of homeowners with underwater mortgages and found that three of the four cities hardest hit by foreclosures in America are here in New Jersey. They are Newark, Elizabeth and Paterson with 54%, 53% and

49% of homeowners, respectively, have underwater mortgages. Jersey City is close behind, as 34% of that city's homeowners have underwater mortgages.

- The report also looks at what is happening at the zip code level. There are 32 zip codes in NJ with a population greater than 5,000 that have been hardest hit by the foreclosure crisis, evidenced by looking at the percent of homeowners with underwater mortgages.
- These include nine zip codes in Newark and eight in Paterson, as well as Plainfield, Trenton, Browns Mills, Pleasantville, Perth Amboy and Roselle.
- In this report, the foreclosure crisis can clearly be seen to have a disproportionate impact on lower income families and people of color. The report found that in these zip codes, the median household income is \$41,519, which is well below the statewide median household income of \$71,637. These communities are overwhelmingly made up of African American or Latino residents, with a median average of 86 percent.
- Even more distressing, the data shows a 42 percent median decline of house prices from their peak. Lower income, communities of color are bearing the brunt of the physical displacement and economic disruption that is caused by foreclosures; and the state literally has no programs or policy responses to help stem the bleeding.
- The foreclosure crisis is the albatross around the neck of our economic recovery. Not one of the counties in our state has seen home prices regain their value from 2006. In Salem County, home prices are still more than 20% below their pre-recession value. While some individual communities are doing better, the state continues to lag far behind our neighbors.

We can, and we must do better. There are so many ways the state can support foreclosure prevention efforts, from funding counseling to helping to preserve homes in foreclosure, to encouraging mortgage modifications. I know the committee will consider A. 1257 later on the agenda, and I want to ask for your support for that bill, which will help municipalities have the tools and resources they need to maintain vacant properties that are in foreclosure and require an in-state representative for out-of-state creditors. That is one small step we can take today.

But there is much more that is needed. Professionals and individuals, like the ones you are about to hear from, are on the ground every day, doing everything possible to help families keep a roof over their head. Doing nothing is not working. For the sake of our economy and our neighbors, New Jersey needs a comprehensive response to the foreclosure crisis.